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Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In The Matter of

FEDERAL-STATE JOINT BOARD ON UNIVERSAL SERVICE CC Docket No. 96-45

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COMMENTS OF THE TELECOMMUNICATIONS RESELLERS ASSOCIATION

TELECOMMUNICATIONS RESELLERS ASSOCIATION

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SUMMARY

The Telecommunications Resellers Association ("TRA"), an organization consisting of more than 500 interexchange, international, local and wireless resale carriers and their underlying product and service suppliers, offers the following comments on the Recommended Decision of the Federal-State Joint Board in the Commission's universal service proceeding undertaken pursuant to to Section 254(a) of the Telecommunications Act of 1996.

TRA wholeheartedly supports the Joint Board's recommendation that carrier contributions to the universal service fund should be be based on gross telecommunications revenues net of payments to other carriers. The Joint Board's recommended contribution mechanism avoids the "double payment problem" the Commission has recognized with respect to the imposition of regulatory fees and the assessment of contribution obligations to fund number administration and shared number portability costs. Moreover, basing universal service contributions on gross telecommunications revenues net of payments to other carriers is competitively neutral, closely approximates the value-added contribution of each carrier, and is relatively simple to administer.

TRA urges the Commission to expand the Joint Board's recommended scope of carriers eligible to receive universal service support to include non-facilities-based providers. TRA submits that whether this end is accomplished through a broad reading of Section 214(e)(1) or exercise of the Commission's forebearance authority, the inclusion of non-facilities-based providers among those carriers eligible to receive universal service support is in the public interest. Non-facilities-based providers effectively assume a portion of the risk taken by an ILEC in constructing physical facilities and provide the ILEC with a buffer from that portion of the

risk. Having assumed the risk associated with the provision of the services supported by interstate support mechanisms and having committed to broadly holding itself out to provide such services, the non-facilities-based carrier is no less deserving of Federal universal service support than the ILEC from whom it acquires network services.

Even more tellingly, there is no meaningful distinction between a non-facilities-based carrier and a carrier with a single piece of equipment in a market. Given this lack of meaningful distinction, the enforcement difficulties the Joint-Board's recommended limitation would create mirror those the Commission acknowledged in rejecting a facilities requirement for acquiring unbundled network elements; indeed, it is likely that such a facilities ownership limitation would "be so easy to meet [that] it would ultimately be meaningless."

Finally, the facilities-ownership restriction the Joint Board recommends would place non-facilities-based carriers at a competitive disadvantage and hence would not be competitively neutral. As the Joint Board has acknowledged, unnecessary restrictions on eligibility to receive universal service funding could "chill competitive entry into high cost areas." Certainly, the public interest would not be served by denying certain groups of consumers the benefit of the competitive pressures on rates and services that non-facilities-based providers would bring to bear.

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The Telecommunications Resellers Association ("TRA"), through undersigned counsel and pursuant to Public Notice, DA 96 1891 (released November 18, 1996) (the "Notice"), hereby submits its Comments on the Recommended Decision, FCC 96J-3, released by the Federal-State Joint Board (the "Joint Board") in the captioned docket on November 8, 1996 (the "Recommended Decision"). In the Recommended Decision, the Joint Board, acting pursuant to the mandate set forth in Section 254(a)(1) of the Telecommunications Act of 1996 ("1996 Act"), details the changes it believes should be made to the Commission's existing universal service support mechanisms. While TRA cannot endorse all of the Joint Board's recommended changes, it believes that the Joint Board is to be commended for its thorough and thoughtful analysis of a battery of complex and controversial issues.

Herein, TRA will address two issues of key importance to resale carriers, including the small resale carriers that comprise the rank and file of TRA's membership. As to the first

¹ Pub. L. No. 104-104, 110 Stat. 56, § 101(a) (1996); 47 C.F.R. § 254(a)(1).

of these two issues, TRA strongly endorses the Joint Board's recommendation that contributions to the universal service fund should be based on gross telecommunications revenues net of payments to other carriers. As to the second issue, TRA urges the Commission to expand the Joint Board's recommended scope of carriers eligible to receive universal service support to include non-facilities-based providers.

I. INTRODUCTION

A trade association, TRA represents more than 500 entities engaged in, or providing products and services in support of, telecommunications resale. TRA was created, and carries a continuing mandate, to foster and promote telecommunications resale, to support the telecommunications resale industry and to protect and further the interests of entities engaged in the resale of telecommunications services. Although initially engaged almost exclusively in the provision of domestic interexchange telecommunications services, TRA's resale carrier members have aggressively entered new markets and are now actively reselling international, wireless, enhanced and internet services.² TRA's resale carrier members will also be among the many new

[footnote continued on next page]

² TRA's resale carrier members serve generally small to mid-sized commercial, as well as residential, customers, providing such entities and individuals with access to rates generally available only to much larger users. TRA's resale carrier members also offer small to mid-sized commercial customers enhanced, value-added products and services, including a variety of sophisticated billing options, as well as personalized customer support functions, that are generally reserved for large-volume corporate users.

Not yet a decade old, TRA's resale carrier members -- the bulk of whom are small to midsized, albeit high-growth, companies -- nonetheless collectively serve millions of residential and commercial customers and generate annual revenues in the billions of dollars. The emergence and dramatic growth of the resale industry over the past five to ten years has produced many thousands of new jobs and myriad new commercial opportunities. In addition, TRA's resale carrier members have

market entrants that will soon be offering local exchange telecommunications services, generally through traditional "total service" resale of incumbent local exchange carrier ("ILEC") or competitive local exchange carrier ("CLEC") retail service offerings or by recombining unbundled network elements obtained from ILECs to create "virtual local exchange networks."

TRA's interest in this proceeding is in ensuring that the universal service support mechanisms that the Commission adopts pursuant to Section 254 do not impede the competitive entry or hinder the competitive effectiveness or viability of the hundreds of small to mid-sized resale carriers who are members of TRA. TRA wholeheartedly supports the laudable goal of providing affordable access to a wide range of telecommunications services to all persons and locales within the United States. The various initiatives undertaken by the Commission over the past decade in furtherance of this goal,⁴ while not without flaws, have produced impressive

[footnote continued from preceding page]

facilitated the growth and development of second- and third-tier facilities-based interexchange carriers by providing an extended, indirect marketing arm for their services, thereby further promoting economic growth and development. And perhaps most critically, by providing cost-effective, high quality telecommunications services to the small business community, TRA's resale carrier members have helped other small and mid-sized companies expand their businesses and generate new employment opportunities.

President Clinton could have been referring to TRA's resale carrier members when he noted in The State of Small Business: A Report of the President 1994 (at page 7), "a great deal of our Nation's economic activity comes from the record number of entrepreneurs living the American Dream. . . . I firmly believe that we need to keep looking to our citizens and small businesses for innovative solutions. They have shown they have the ingenuity and creative power to make our economy grow; we just need to let them do it."

⁴ Preparation for Addressing Universal Service Issues: A Review of Current Interstate Support Mechanisms, Common Carrier Bureau, Federal Communications Commission (Feb. 23, 1996).

results; indeed, the last available data shows that telephone penetration, as measured by the percentage of households in the United States with telephones, had reached 94% in 1995.⁵

The Section 254(a) universal service mandate provides the Commission with an opportunity both to correct past problems with, and to improve upon, its current interstate support mechanisms. As acknowledged in the Commission's Notice of Proposed Rulemaking,⁶ however, the Commission must be careful in the course of revamping existing, and constructing new, support mechanisms to ensure that it does not undermine the "pro-competitive, de-regulatory national policy framework" established by the 1996 Act or unnecessarily impede the principal objective of the Act — *i.e.*, "to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition." Critical to this goal, the Commission must be cognizant of the impact of its actions here on the small and mid-sized resale carriers which have so greatly enhanced competition in the interexchange market and which are currently poised to enter the local exchange/exchange access market.

⁵ Monitoring Report, CC Docket No. 87-339, prepared by the Federal and State Staff for the Federal-State Joint Board in CC Docket No. 80-286 (May 31, 1996), Table 1.1.

⁶ Federal-State Joint Board on Universal Service (Notice of Proposed Rulemaking and Order Establishing Joint Board), CC Docket No. 96-45, FCC 96-93 (March 8, 1996) ("NPRM").

⁷ S. Rep. No. 230, 104th Cong., 2d Sess., p. 131 (Jan. 31, 1996) ("Joint Explanatory Statement").

П.

ARGUMENT

A. TRA Strongly Endorses the Recommendations of the Joint Board Regarding the Basis for Assessing Universal Service Contributions

Noting that Section 254(d) requires that "[every telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service," the Joint Board recommended that carrier contributions to the universal service fund be based on gross telecommunications revenues net of payments to other carriers." The Joint Board recommended this methodology for several key reasons. First, the Joint Board reasoned that "basing contributions on gross revenues net of payments to other carriers eliminates the 'double payment' problem" emphasized by TRA and other commenters. Second, the Joint Board explained that this approach "more closely approximates a value-added contribution, because it bases contributions only on services that the carrier adds to the PSTN." Third, the Joint Board noted that reliance on gross telecommunications revenues net of payments to other carriers would be "administratively easy to implement, because . . . the Commission already collects common carrier regulatory fees on this basis." And finally, the Joint Board concluded that this approach "is competitively

⁸ 47 C.F.R. § 254(d).

⁹ Recommended Decision, FCC 96J-3 at ¶ 807.

¹⁰ Id. See Comments of TRA file in CC Docket No. 96-45 on April 12, 1996.

¹¹ Recommended Decision, FCC 96J-3 at ¶ 807.

¹² Id.

neutral."¹³ The Joint Board is correct on all counts. TRA, accordingly urges the Commission to accept the Joint Board's recommendation and base universal service contributions on gross telecommunications revenues net of payments to other carriers.

From a resale carrier's, particularly a small resale carrier's, perspective, avoidance of the "double payment" problem referenced by the Joint Board and preservation of competitive neutrality, in particular, compel adoption of a "gross telecommunications revenues net of payments to other carriers" standard. With respect to competitive neutrality, the Commission has elsewhere determined that contributions predicated on gross telecommunications revenues net of payments to other carriers apportions the burden of such contributions in a competitively neutral fashion. Thus, in fulfilling its mandate under Section 251(e)(2) to allocate "[the]cost of establishing telecommunications numbering administration arrangements . . . [among] all telecommunications carriers on a competitively neutral basis," 14 the Commission required that:

(1) only "telecommunications carriers," as defined in Section 3(44) of the 1996 Act, shall contribute to the costs of number administration; and (2) that such contribution shall be based on each contributor's gross revenues from its provision of telecommunications services reduced by all payments for telecommunications services and facilities that have been paid to other telecommunications carriers.¹⁵

¹³ Id. at ¶ 809.

¹⁴ 47 C.F.R. § 251(e)(2).

Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, FCC 96-333, ¶ 21 (released August 8, 1996), pet. for rev. pending sub nom. Bell Atlantic Telephone Companies, et al. v. FCC, Case No. 96-1333 (D.C. Cir. Sept. 16, 1996), recon. pending ("Local Competition Second Report and Order").

As the Commission explained:

Section 251(e) requires that the costs of telecommunications numbering administration be borne by all telecommunications carriers on a competitively neutral basis. Contributions based on gross revenues would not be competitively neutral for those carriers that purchase telecommunications facilities and services from other telecommunications carriers because the carriers from whom they purchase services or facilities will have included in their gross revenues, and thus in their contributions to number administration, those revenues earned from services and facilities sold to other carriers. Therefore, to avoid such an outcome, we require all telecommunications carriers to subtract from their gross telecommunications services revenues expenditures for all telecommunications services and facilities that have been paid to other telecommunications carriers.¹⁶

This assessment is echoed in the Commission's tentative conclusions regarding the recovery of shared number portability costs. "[T]he recovery of the costs associated with [the number portability] databases should be allocated in proportion to each telecommunications carrier's total gross telecommunications revenues minus charges paid to other carriers."¹⁷ As the Commission explained:

We also believe it is appropriate to subtract out charges paid to other carriers, such as access charges, when determining the relevant amount of each carrier's telecommunications revenues for purposes of cost allocation. This is because the revenues attributable to such charges effectively would be counted twice in determining the relative number portability costs each carrier should pay -- once for the carrier paying such charges and once for the carrier receiving them . . . We believe that a reasonable, equitable, and competitively neutral measure of [the] benefit [of

¹⁶ Id. at \P 343 (footnote omitted).

¹⁷ Telephone Number Portability (Further Notice of Proposed Rulemaking), CC Docket No. 95-116, FCC 96-286, ¶ 213 (July 2, 1996).

number portability] is each telecommunications carrier's gross telecommunications revenues minus charges to other telecommunications carriers. ¹⁸

And the Commission came to a similar conclusion when it adopted its regulatory fee requirements. There, the Commission permitted initially interexchange carriers, ¹⁹ and ultimately all interstate telephone service providers, ²⁰ to "subtract from their gross interstate revenues . . . any payments made to underlying common carriers for telecommunications facilities and services, including payments for interstate access service, that are sold in the form of interstate service." The Commission did so specifically to "avoid imposing a double payment burden on resellers." ²²

As TRA has explained in this and other contexts, resale carriers occupy the final rung in the telecommunications service distribution chain, acting as both a provider and a customer of telecommunications services. Section 254 permits carriers to pass through their universal service contributions to their customers, including their resale carrier customers. Facilities-based network providers, accordingly, will likely incorporate amounts contributed to support universal service into their charges and pass them through to their resale carrier customers. And given that larger resale carriers often provide "wholesale" services to smaller

¹⁸ Id. (footnote omitted)

¹⁹ Assessment and Collection of Regulatory Fees for Fiscal Year 1995, 10 FCC Rcd. 13512, ¶ 135 (1995).

Assessment and Collection of Regulatory Fees for Fiscal Year 1995, MD Docket No. 96-84, FCC 96-295, Appx. F, \P 32 (July 5, 1996).

²¹ Id.

 $^{^{22}}$ Id

²³ Recommended Decision, FCC 96J-3 at ¶ 808.

resale carriers, multiple carriers' contributions may ultimately be incorporated into the rates charged small resale carriers.

If a resale carrier can incorporate universal service fund contributions into its rates, it too will pass its funding contributions through to its customers, along with the contributions passed through to it by its network providers. Because resale carriers' customer relationships tend to be more price sensitive than those of their far larger, more established network providers, however, resale carriers tend to have far less flexibility to simply pass through to their customers the costs passed through to them by their network providers. Moreover, because resale carriers' operations are smaller, the impact of the large dollar outlays associated with complying with new regulatory requirements is generally more dramatic for resale carriers; simply put, resale carriers have less volume over which to distribute the additional costs.

As both the Commission and the Joint Board have concluded, basing universal service contributions on gross telecommunications revenues net of payments to other carriers addresses these equitable concerns. The Joint Board correctly concluded that this approach ensures that all carriers make contributions based on the value of the services that they add to the public switched telephone network, avoiding preferential treatment of wholesale providers.²⁴ As the Joint Board noted, basing universal service contributions on "retail revenues" would eliminate the "double payment" issue, but would prefer wholesale providers by relieving them altogether of funding obligations, at least as to the services they provide on a wholesale basis.²⁵

²⁴ Id. at ¶ 809.

²⁵ <u>Id</u>. at ¶ 811.

To paraphrase the Commission, the Joint Board has recommended a reasonable, equitable, and competitively neutral mechanism for allocating the responsibility of funding universal service among telecommunications carriers. TRA urges the Commission to endorse and accept this recommendation.

B. The Commission Should Expand the Joint Board's Recommended List of Carriers Eligible to Receive Universal Service Support to Include Non-Facilities-Based Providers

TRA strongly endorses the Joint Board's recommendation that "the Commission ... establish 'competitive neutrality' as an additional principle upon which it ... [should] base policies for the preservation and advancement of universal service." As the Joint Board acknowledged, "competitively neutral collection and distribution of funds and determination of eligibility in the universal service support mechanism is consistent with congressional intent 'to provide for a pro-competitive, deregulatory national policy framework." Elsewhere, the Commission has held that a "competitive neutrality" standard requires that no carrier be significantly disadvantaged in its "ability to compete with other carriers for customers in the marketplace." TRA submits that by recommending that non-facilities-based carriers be denied the opportunity to receive universal service support payments, the Joint Board is violating its recommended principal of competitive neutrality.

²⁶ Id. at \P 23.

²⁷ <u>Id</u>.

 $^{^{28}}$ Telephone Number Portability (First Report and Order), CC Docket No. 95-116, FCC 96-286, ¶ 131 (July 2, 1996).

Under Section 254(e) of the 1996 Act, only a carrier which has been designated an "eligible telecommunications carrier" under Section 214(e) of the Communications Act of 1934, as amended, is entitled to receive Federal universal service support. Section 102(a) of the 1996 Act, codified as Section 214(e) of the Communications Act of 1934, as amended, provides that a carrier may be designated as an "eligible telecommunications carrier" if it offers, and broadly advertises the availability of, the various services supported by interstate support mechanisms under Section 254(c) either through the facilities-based or resale provision of service. The Joint Board reads Section 214(e)(1)(A) to require as a precondition to a carrier's designation as an "eligible telecommunications carrier" the use by that carrier of a physical facility owned by it. TRA submits that such an interpretation represents an unduly narrow reading of Section 214(e)(1)(A), but if deemed by the Commission to be a valid reading, Section 254(e) would present an ideal candidate for the exercise of the forbearance authority granted the Commission under Section 401 of the 1996 Act. The section 214(e) of the 1996 Act. The section 214(e) of the 1996 Act. The forbearance authority granted the Commission under Section 401 of the 1996 Act. The section 214(e) of the 1996 Act. The sectio

Two key points provide a telling foundation for such an analysis. First, as the Commission has recognized, the 1996 Act contemplates three coequal paths of entry into the local market, two of which are potentially non-facilities-based; the 1996 Act "neither explicitly nor implicitly expresses a preference for one particular entry strategy." Moreover, as the Commission has further acknowledged, non-facilities-based "[r]esale will be an important entry

²⁹ 47 U.S.C. § 254(e).

³⁰ 47 U.S.C. § 214(e).

³¹ 47 U.S.C. § 160.

Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, FCC 96-325, ¶ 12 (released Aug. 8, 1996), pet. for rev. pending sub nom. Iowa Util. Board v. FCC, Case No. 96-3321 (8th Cir. Sept. 5, 1996) ("Local Competition First Report and Order").

strategy for many new entrants . . . [and] an important entry strategy for small businesses" in particular.³³ For some carriers, the Commission has noted, "the resale option will remain an important entry strategy over the longer term."³⁴

Second, the Commission declined to graft onto Section 251(c)(3) a requirement "that carriers must own or control some of their own local exchange facilities before they can purchase and use unbundled elements to provide a telecommunications service." In so doing, the Commission recognized that no particular benefit would be derived from requiring a carrier to install a physical facility in a market in order to obtain unbundled network elements. In fact, the Commission identified a number of negative ramifications of such a facilities-ownership requirement. Thus, the Commission noted that a local exchange facilities requirement could delay possible innovation, while diminishing competition in some markets and delaying competitive entry into others. Moreover, the Commission recognized that "it would be administratively impossible to impose a requirement that carriers must own some of their own local exchange facilities in order to obtain access to unbundled elements, and . . . use these facilities, in combination with unbundled elements, for the purpose of providing local services." In this regard, the Commission noted that "a new market entrant may offer services to one group of consumers using unbundled network elements, and it may offer services to a separate group

³³ Id. at ¶ 907.

³⁴ <u>Id.</u>

^{35 &}lt;u>Id.</u> at ¶ 328.

 $^{^{36}}$ Id. at ¶¶ 339 - 40.

³⁷ <u>Id.</u> at ¶ 339.

of consumers by reselling and incumbent LEC's services."³⁸ Finally, the Commission conceded that any facilities ownership requirement it imposed "would likely be so easy to meet it would ultimately be meaningless."³⁹

Against this backdrop, TRA submits that the better reading of Section 214(e)(1) is that it recognizes the three coequal paths of entry into the local market contemplated by the 1996 Act and authorizes any carrier which offers, and broadly advertises the availability of, the various services supported by interstate support mechanisms under Section 254(c). There is no meaningful distinction between a non-facilities-based carrier and a carrier with a single piece of equipment in a market. Whether a carrier is providing local exchange service by means of traditional "total service" resale, a "virtual network" comprised entirely of unbundled network elements or a "virtual network" which includes a single carrier-owned facility and is otherwise comprised entirely of unbundled network elements, the carrier has stepped into the shoes of the ILEC that is supplying it with network services, not only providing customers with at least the same basic services the LEC would have otherwise provided those customers, but providing the ILEC with a guaranteed return on the investment it made in the facilities used by the carrier to serve the customers. A non-facilities based carrier which pieces together a "virtual network" out of unbundled network elements acquired from an ILEC has constructed a network no less viable than the LEC's physical network and has once again provided the LEC with a guaranteed return on a portion of its capital investment. The non-facilities-based provider has effectively assumed a portion of the risk taken by the ILEC in constructing physical facilities and has provided the

 $^{^{38}}$ <u>Id.</u> at ¶ 341.

³⁹ <u>Id.</u> at ¶ 339.

ILEC with a buffer from that portion of the risk. Having assumed the risk associated with the provision of the services supported by interstate support mechanisms and committed to broadly holding itself out to provide such services, the non-facilities-based carrier is no less deserving of Federal universal service support than the ILEC from whom it acquires network services.

Wholly apart from the equitable arguments noted above, the enforcement difficulties the Joint-Board's recommended limitation would create mirror those the Commission acknowledged in rejecting a facilities requirement for acquiring unbundled network elements. What types and quantities of facilities will qualify a carrier to receive universal service support. Will a carrier that utilizes a physical facility it owns to provide service to one group of customers, but not another group of customers, be eligible to receive universal service support. Would not such a facilities ownership limitation "be so easy to meet it would ultimately be meaningless."

Finally, the facilities-ownership restriction the Joint Board recommends would place non-facilities-based carriers at a competitive disadvantage and hence would not be competitively neutral. If non-facilities-based providers are deemed ineligible to receive universal service support funding, they will not be on an equal competitive footing with facilities-based carriers because they will be denied access to comparable revenue streams. If a non-facilities-based provider matched the ILEC's rates, it would not receive comparable revenues absent support payments. Denying non-facilities-based carriers the opportunity to receive universal service support funding may thus discourage the competitive provision of service by multiple

⁴⁰ <u>Id.</u>

providers. As a thematic matter, TRA agrees with the Joint Board that "wholesale exclusion of classes of carriers from eligibility is inconsistent with the plain language of the 1996 Act." 41

Certainly, if a more narrow reading of Section 214(e)(1) is compelled, forbearance would be appropriate. The Commission may forebear under Section 401 of the 1996 Act from enforcing any facilities-ownership requirement set forth in Section 214 if it determines that enforcement is not necessary to ensure just, reasonable and nondiscriminatory charges, practices, classifications or regulations or to protect consumers and that forbearance would be in the public interest, which public interest determination could be predicated on a determination that forbearance will promote competitive market conditions.⁴² In this instance, forbearance would enhance the prospects that consumers would be provided affordable rates, terms and conditions by increasing the potential for the competitive provision of service by additional carriers. As noted above, the Commission has recognized that many providers, particularly smaller carriers, will initiate service on a non-facilities-basis. Certainly, the public interest would not be served by denying certain groups of consumers the benefit of the competitive pressures on rates and services that these providers would bring to bear.

As the Joint Board has acknowledged, unnecessary restrictions on eligibility to receive universal service funding could "chill competitive entry into high cost areas." Given that as noted above, the restriction here is virtually meaningless because of the lack of consequential difference between non-facilities-based providers and carriers who install a single

⁴¹ Recommended Decision, FCC 96J-3 at ¶ 158.

⁴² 47 U.S.C. § 160.

⁴³ Recommended Decision, FCC 96J-3 at ¶ 156.

facility in a market, consumers will be denied the benefits of additional competition for no countervailing purpose. No one has shown that allowing non-facilities-based providers who otherwise satisfy the Section 214(e)(1) requirements to receive universal support payments will have any adverse impact, much less an adverse impact more compelling than that occasioned by allowing carriers that install a single piece of equipment in a market to receive such funds.

TRA submits that the public interest and competitive calculus is clear. Forbearance is clearly justified if Section 214(e)(1) is read narrowly.

III.

CONCLUSION

By reason of the foregoing, the Telecommunications Resellers Association urges the Commission in assessing the Joint Board's recommendations and in implementing the universal service support requirements mandated by the Telecommunications Act of 1996 to adopt rules and policies consistent with the comments set forth herein.

Respectfully submitted,

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I, Catherine M. Hannan, hereby certify that copies of the foregoing Comments of the Telecommunications Resellers Association were mailed this 19th day of December, 1996, by United States First Class Mail, postage prepaid, to the individuals listed on the attached service list.

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